

VZCZCXYZ0016
PP RUEHWEB

DE RUEHLP #0373/01 0522146
ZNR UUUUU ZZH
P 212146Z FEB 08
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 6515
INFO RUEHAC/AMEMBASSY ASUNCION 7603
RUEHBO/AMEMBASSY BOGOTA 4971
RUEHBR/AMEMBASSY BRASILIA 8877
RUEHBU/AMEMBASSY BUENOS AIRES 6092
RUEHCV/AMEMBASSY CARACAS 3311
RUEHPE/AMEMBASSY LIMA 3526
RUEHMN/AMEMBASSY MONTEVIDEO 5247
RUEHQT/AMEMBASSY QUITO 5940
RUEHSG/AMEMBASSY SANTIAGO 0558
RUEAIIA/CIA WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL
RUEHUB/USINT HAVANA 0916
RHEHNSC/NSC WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL

UNCLAS LA PAZ 000373

SIPDIS

SENSITIVE
SIPDIS

BA FOR CODEL ENGEL
H FOR JOEL STARR
WHA FOR SHELBY SMITH-WILSON

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [PBTS](#) [MARR](#) [OPDC](#) [OPRC](#) [OREP](#) [ECON](#) [ETRD](#)
KTIA, KDEM, KTEX, IR, BL
SUBJECT: CODEL ENGEL VISIT TO BOLIVIA FEBRUARY 18-20

11. (SBU) Summary: Codel Engel, including Representatives Green (D-TX), Hinchey (D-NY), Weller (R-IL), and Foxx (R-NC) visited La Paz and Santa Cruz February 18-20. While in La Paz, the Codel enjoyed an hour-long meeting with President Evo Morales; met a cross-section of Bolivian politicians, media pundits and business leaders at a dinner hosted by the Ambassador; and visited a USAID project and a textiles manufacturer, which is a beneficiary of ATPDEA. During a brief stop-over in Santa Cruz, the Codel met with five of nine department prefects (governors), representing the political opposition. One of the prefects belonging to Evo Morales' MAS party attended the dinner in La Paz but was unable to travel to Santa Cruz with the other prefects. The visit received extensive press coverage, focusing mostly on Chairman Engel's and Congressman Weller's concerns that as supporters of ATPDEA extension, the task becomes more difficult if anti-U.S. rhetoric persists and if Bolivia develops closer ties to Iran. Speaking for the entire Codel, Chairman Engel and Congressman Weller expressed publicly that the United States was interested in good relations with Bolivia, supported Morales' efforts to alleviate poverty, defended U.S. aid programs and the Embassy's work, and expressed concern over anti-U.S. rhetoric and Bolivia's relations with Iran. End Summary.

Morales: "Best Meeting I've had with a U.S. Delegation"

12. (SBU) President Evo Morales, accompanied by Minister of the Presidency Quintana, received Codel Engel at the Presidential Palace for a cordial yet frank hour-long meeting. Chairman Engel opened the meeting stressing that the Congressional delegation came in friendship, wanting to accentuate the positive in the bilateral relationship, and with a willingness to move forward and work closely with the Morales administration to help alleviate poverty. The Chairman took the opportunity to express condolences for the disastrous floods and highlighted U.S. assistance to the

victims, including the fact that Bolivia is the third largest recipient of U.S. aid in Latin America.

13. (SBU) Morales described how Bolivia is undergoing tremendous change through democratic means. He said his main task is to work for people in need but that there were groups who did not want to give up their privileged position. Morales stressed that he is committed to a "dialogue of cooperation" as he seeks to address social problems. Turning to U.S. assistance, he said his objective is to make it transparent. Flood relief was welcome, he added, pointing out the assistance he had received from Venezuela, Brazil, Argentina, Chile) unconditional aid; that is what he wants, also from the United States. Morales described his vision of democracy; democracy advanced through consensus similar to what he grew up with in his indigenous culture. The view of democracy by the majority was an "imported" concept to Bolivia, but Morales understood it and now he was prepared to govern through referenda, letting the people decide. Morales proudly noted he had just been recently reelected president of his union, the coca growers, and said he hoped that the Ambassador would not object.

14. (SBU) Morales expressed a desire for improved relations with the United States, recognizing U.S. leadership in the world even if he did not agree with the American economic philosophy. "We do not want external opposition," he added. He made the point that the indigenous were the most discriminated peoples in the world, some have tried to "exterminate us...even today groups oppose the indigenous and perhaps it is because they are jealous, resent us." Morales noted he would like to be received by President Bush, adding that he "wants excellent relations." He then complained about the treatment his Ministers have received entering the United States. "We are not terrorists," he stressed. Morales said he wants to transform the country and to do it through democratic means. He added that he understood he needed to change the established norms in Bolivia and that he planned to do it through legislation in Congress. He identified corruption as a top priority and that he was committed to rooting it out of government. Morales noted that the attitude in Bolivia has always been to take advantage of one's time in office to profit personally. Morales highlighted that the first enemy of Bolivia was not "neoliberalism" but rather corruption. His goal, therefore, is a transparent government.

15. (SBU) Chairman Engel noted that harsh things have been said by both the United States and Bolivia, and that what he hoped for was a new start. Engel remarked that many elected U.S. representatives admire what Morales has been trying to do to help the indigenous people. "We want to help you to help your people," the Chairman said. The United States and Bolivia need to work through their differences, added Engel. The Chairman then highlighted that his entire delegation supports ATPDEA extension and that while he supported a two-year extension, it looked like the extension would be for ten months. Engel then presented Morales with a copy of a letter, co-signed by 27 other house members, which he had sent to Ways and Means Committee Chairman Rangel urging long-term ATPDEA renewal.

16. (SBU) Congressman Weller noted he was a friend of Latin America and a friend of Bolivia. He shared Morales' goal of lifting those in poverty and praised the work of USAID, which he had seen first hand earlier in the day in a visit to the Catholic University's rural campus, which AID has supported with computers and a broadband internet connection. Speaking as a friend of Bolivia, Weller expressed concern over anti-U.S. rhetoric and attacks on U.S. aid programs, noting that these are amplified by the media and raise concerns in the U.S. Congress. Weller added that both Democrats and Republicans are concerned about Bolivia's evolving relations with Iran given Iran's support for terrorism. Weller remarked that these things made it much harder to continue to include Bolivia in ATPDEA and that if tensions and concerns increase it will make the next extension that much more difficult. Morales explained that his interest was in

establishing ties with all countries as he needed foreign investment, which Iran had promised. Morales said he had no interest in military actions and that the new constitution he is pushing makes that clear. "We don't conspire," Morales declared. "We have learned through the many wars we have lost, the Chaco War, the War of the Pacific, that we must reject aggression."

¶17. (SBU) Congressman Green expressed his concern that the Bolivian government had frozen an exchange of diplomatic notes on status of forces that has stopped U.S. military medical assistance. Responding to Congressman Green, Morales explained that this had been done in response to a briefing by U.S. Southern Command's Admiral Stravidis, who Morales claimed had labeled him a narcoterrorist (Note: Morales, who said the briefing was on CNN, was referring to a briefing the Admiral gave at CSIS where he expressed concern about Iran's ongoing efforts to extend its influence in Latin America, specifically the potential nexus between terrorism and narcoterrorism while a slide of Presidents Morales and Ahmedinejad was up on the screen. The Embassy has tried to explain that no offense was intended, but to no avail. End Note.) Morales also described how he had learned during his mandatory military duty at an early age that no uniformed foreign military should be present in Bolivia and recounted how "uniformed DEA had shot at us, harmed our families." He added that former Ambassador Manuel Rocha had described him as Bin Laden and his fellow coca growers as the Taliban. "If I were a murderer, terrorist, drug dealer, would you be meeting with me?" Morales asked.

¶18. (SBU) Representative Hinchey praised Morales for his leadership. He expressed hope that with United States help and support, Morales could succeed. Hinchey added that he looked forward to a close relationship between the two countries.

¶19. (SBU) Congresswoman Foxx remarked that she had been impressed by the hard working and intelligent Bolivians she had met during her stay. She echoed the sentiment of various members of the delegation that they too had been subjected to searches entering the United States and asked that the President accept their apologies for the way his Ministers may have been treated but that they please recognize the security environment that necessitated greater vigilance.

¶10. (SBU) Morales remarked that the discussion with the Congressional delegation had been constructive and that his best school for learning is this kind of exchange of views. He explained that he was for the coca leaf but against cocaine; that he was for the coca producer but against the narcotrafficker. Morales said he was committed to the counter-narcotics fight and that he wanted U.S. cooperation. He noted that his nationalization had not been an expropriation, that he respected private property, and was keen to attract foreign investment. He acknowledged that Bolivia's productive sector was a weakness but having achieved 4.5 percent growth in 2007, he hoped to achieve 6 percent growth in 2008. He worried about natural disasters like the current flooding and rising inflation but remarked that both were "imported" problems. (Note: Morales has said publicly that the flooding is a result of neoliberal policies that have led to global warming. End Note.) He expressed appreciation for U.S. support in the Inter-American Bank that had led to debt forgiveness and said he hoped problems could be overcome so that Bolivia could achieve a Millennium Challenge Account compact. In closing, Morales commented that he never thought he had admirers in the United States and that the meeting with Codel Engel was the best he had ever had with an American delegation. Morales urged that the United States support Bolivia's national unity.

¶11. (SBU) Chairman Engel thanked President Morales for meeting with the Codel and for being so generous with his time. He repeated his hope that both sides tone down the rhetoric, including urging a stop personal attacks on Ambassador Goldberg, whom he had known for many years. The Chairman asked that Bolivia recognize Kosovo's newly declared

independence. (Note: Morales did not respond to either the Chairman's request that Bolivia recognize Kosovo or moderate its rhetoric and attacks on the Ambassador. End Note.)

Press Focus on Codel's Iran and Anti-U.S. Rhetoric Concerns

¶12. (U) Bolivian media coverage of the press conference following the Morales meeting focused on the delegation's warning that Bolivia's growing ties with Iran and increasing public attacks on the U.S. Embassy could damage the prospects for ATPDEA renewal. In comments covered widely by local media and picked up by the Associated Press, Congressman Weller noted, "There is a very high level of concern regarding the activities of Iran in Latin America. If this concern continues to grow in our Congress, it will become more difficult to extend these preferences in the future." Congressman Weller added the delegation wanted to "help the people of Bolivia." He said the announcement earlier the same day of Iranian financing to establish a Bolivian hemispheric-wide television station did not go unnoticed. Chairman Engel contended that although all countries are sovereign and are "free to decide" which countries to have relations with, "actions have consequences," noting Iran's "negative role supporting global terrorism."

¶13. (U) Leading daily La Razon focused on Chairman Engel's characterization of bipartisan agreement that Bolivian officials need to tone down public attacks on the Embassy. "We Democrats and Republicans express our growing concern about the rhetoric about some negative things that have been said about U.S. officials in Bolivia and that has to stop." (Note: Government officials occasionally state a belief that relations will instantly improve with a Democratic administration. End Note.) Government-leaning daily La Prensa reminded their readers of prior Bolivian government attacks on USAID and the Ambassador. Chairman Engel called on "both sides" (United States and Bolivia) to halt heated public exchanges.

¶14. (U) During the press conference, Chairman Engel also emphasized the importance of improving bilateral relations, continuing ATPDEA, and underlining positive, common goals. "We need to talk about our two countries being partners," said Engel. Chairman Engel said he was honored that President Morales described the meeting as the best he's ever had with representatives of the United States.

Codel Meets with Opposition Prefects

¶15. (SBU) On February 20, Codel Engel invited all nine of the prefects (state governors) to a meeting in Santa Cruz during their refueling stop in the lowland capital of the Department of Santa Cruz. Five prefects attended: Ruben Costas of Santa Cruz, Manfred Reyes Villa of Cochabamba, Leopoldo Fernandez of Pando, Ernesto Suarez of Beni, and Jose Luis Paredes of La Paz. MAS-aligned Oruro Prefect Alberto Aguilar had originally accepted, but was kept away by a family emergency, however he did attend the dinner hosted by the Ambassador the previous evening. Chairman Engel opened the meeting by expressing to the group that he wanted to get the full picture of the situation in Bolivia and therefore very much appreciated an opportunity to meet with regional leaders.

¶16. (SBU) Speaking on behalf of the prefects, Santa Cruz's Costas said, "It is very important that you met our president, but in the search to know other realities in Bolivia, we appreciate that you wanted to meet with us." The prefects then gave an overview of the current political situation and their concerns. Focusing primarily on what they see as President Morales' actions that threaten democracy and the rule of law in Bolivia, the prefects also emphasized that they are seeking a middle road, "not even federalism" as Santa Cruz's Costas put it, "just an intermediate state" with more power and autonomy for the democratically elected prefects. Costas said emphatically that none of the assembled prefects, despite coming from

different parties and political backgrounds, wanted to divide Bolivia. "We are all Bolivians and proud of that," he said to the approval of his fellow prefects. Pando Prefect Fernandez also pointed out that the prefects' call for autonomy was not a move against President Morales, rather that the autonomy movement predates President Morales as regions farther away from the capital's centralized control had suffered from neglect.

¶17. (SBU) The main concern of the prefects is what they consider the creeping totalitarianism of the Morales administration. Pando Prefect Fernandez gave a rundown of the extra-legal machinations used by the MAS to push through their draft constitution and to get around their lack of a majority in the Senate (using civic groups to physically block access to the constituent assembly and Senate, respectively.) Beni Prefect Suarez then explained that, since the MAS government has currently incapacitated the Constitutional Tribunal (the court of final recourse on questions of constitutionality), there is nowhere to turn when unconstitutional actions are perpetrated.

¶18. (SBU) Cochabamba Prefect Reyes Villa also described how the MAS-led central government has pressured prefect governments, including Reyes Villa, calling for his resignation and fomenting protests in his department. Beni Prefect Suarez later pointed out that, in contrast, the central government refused to accept the resignation of the Chuquisaca Prefect, because he was from the MAS party and the central government did not wish to lose an ally. Suarez said due to pressure from the central government "we prefects have been forced to unite as regions to defend democracy." Suarez said that the prefects are "all that remains, now that the opposition has been eliminated from Congress and the Constituent Assembly." Suarez lamented that "our reality is not known outside (Bolivia), but we live it."

¶19. (SBU) La Paz Prefect Jose Luis Paredes, who had just returned from Washington as part of a Bolivian delegation urging ATPDEA renewal, commented that Evo Morales had been the great hope when he was elected, but now had become part of the problem. Paredes admitted he was not entirely comfortable with some departments pushing forward with autonomy statutes, but nonetheless understood why they were doing it. He commended the Ambassador for his "important voice" standing up for Bolivian's democracy, stressing that defending democracy was the main goal of the prefects. Paredes added that while the prefects remained willing to continue dialogue with Evo to try to find a consensual way forward, he did not see any real chance for progress. In his view, the government is stuck since it remains unwilling to budge on either the issue of resources to the prefectures or on amending the draft constitution to meet the opposition's concerns.

¶20. (SBU) Congresswoman Foxx remarked that she admired the prefects' courage. She questioned whether support for ATPDEA extension, while important support to the Bolivian people, did not also serve to help Morales. She stressed that she wanted to help Bolivians, but worried about lending support to Morales. "What would you like us to do?" she asked. Ruben Costas replied that this opportunity to meet was all the prefects wanted. Ruben Costas wanted to make sure the Codel understood that even if the Morales government does not like the United States, that does not mean the Bolivian people do not like us, "Bolivians like the United States because we share values such as liberty and democracy." Costas repeated that what the prefects wanted was a united Bolivia.

¶21. (SBU) In closing, the prefects again thanked the delegation, the Ambassador, and the mission for continued support of democracy in Bolivia. Chairman Engel ended the meeting by noting that the prefects' perspectives were valuable in order for the delegation to understand the true situation in Bolivia. Engel noted that he had raised concerns directly with President Morales, including the need to cease attacks against the Embassy.

Media Highlight Prefects-Morales Standoff, FM Remarks

122. (U) The Codel held a brief press conference with Prefect Costas prior to departing for Argentina, expressing their support for the Bolivian people through support for ATPDEA, their desire to meet with all the prefects in the future, and their intent to listen to and learn from a variety of Bolivian leader. Codel Engel took some general questions from the press, but refrained from commenting on the meeting.

Prefect Costas said the Codel's visit was proof of how democracy can work and thanked the Codel for listening to their analysis of the situation in Bolivia.

123. (U) In comments highlighted by the press after the press conference concluded, prefects used the opportunity to defend departmental autonomy referendums against "stupid" government criticisms. The Prefects of Cochabamba and La Paz departments also conducted a separate press conference later, announcing they would send representatives to a February 22 meeting between the federal government and prefects, but that they would send no future delegations barring a reversal of the administration's redistribution of prefect funds to support payments to the elderly. Daily La Prensa lumped the two press conferences together, possibly confusing the public about a cause and effect relationship between the two.

124. (U) La Prensa's February 21 Codel article also added Foreign Minister Choquehuanca's response to the Codel's concern about Iranian relations, statements covered separately by most Bolivian media. Inferring a direct link between Bolivia's relations with Iran and extension of ATPDEA, Choquehuanca said "Bolivia will not accept conditions" on ATPDEA. "You have to respect our sovereignty and we will continue to build relations with respect (to Iran)." He clarified that Iranian financing of a Bolivian television station was just an idea, not an approved project.

Nevertheless, Choquehuanca added any Iranian assistance to improve Bolivian television broadcasting capability would be "well received."

Codel Impressed with USAID's Work

125. (SBU) On February 19, Codel Engel visited USAID education support for historically marginalized Bolivians at one of five Catholic University rural campuses in the altiplano and largely Aymara municipality of Batallas. The atmosphere was festive, as CODEL members were warmly received by students and faculty, as well as several local authorities, including the Batallas mayor. After participating in a traditional dance with area students, the CODEL received a short presentation on the Catholic University's USAID-funded broadband internet access, including a virtual Google Earth flyover of the Lake Titicaca area. The Dean of the Catholic University's rural programs stressed the importance of this I.T. support to expanding learning opportunities for area students and communities through greater access to electronic libraries.

126. (SBU) Following the presentation, CODEL members spoke with promising rural indigenous students who are pursuing university studies thanks to USAID-funded scholarships, as well as with beneficiaries of an innovative social inclusion program whereby indigenous students spend up to six months as USAID and Embassy interns. These students spoke to CODEL members about how these programs open up new opportunities for them, enable them to gain valuable professional experience, and expose them to the United States work in Bolivia. CODEL members then continued their discussions with students and faculty while sampling a range of dairy and other products from the University's experimental farm.

127. (SBU) CODEL members were impressed with the USG-Catholic University partnership and openly expressed their satisfaction at the opportunity to meet with indigenous Bolivian students and see first hand how USG programs improve

the lives of the rural poor. Congressman Engel gave an impromptu speech underscoring the United States' desire for continued good relations with Bolivia, including this kind of people-to-people support. The event was attended by a large press corps who engaged the CODEL in a substantive interview on a wide range of bilateral issues.

Codel Visit to ATPDEA Beneficiary

128. (U) Codel Engel visited AMETEX, a La Paz textiles manufacturer and main beneficiary of ATPDEA, on February 20. CEO of AMETEX Marcos Iberkleid expressed appreciation for both the Codel's support for ATPDEA extension and to USAID for its help over the years in training AMETEX employees. Iberkleid highlighted that his company's exports to the U.S. have grown exponentially, nearly 30 percent a year, thanks to ATPDEA and were currently at \$40 million. Ametex has grown from a mere 200 employees to 3,000, with an additional 9,000 indirect jobs. The Codel heard moving testimonials from five subcontractors/employees, including one Quechua indigenous woman who emphasized how ATPDEA had provided her a dignified job, health care, and education. Another AMETEX worker, speaking on behalf of all AMETEX employees, thanked the United States "for giving us a hand and extending us your hand." Chairman Engel addressed those present saying that after the Codel's visit to AMETEX, he "felt even more strongly" that ATPDEA should be extended for Bolivia, adding that he supports its extension for two years or more. ATPDEA represents support and friendship from the United States, the Chairman concluded. Much of the event was carried live by Bolivian news agencies and the Codel addressed the press after touring the factory.

Codel Engel has cleared this message.
GOLDBERG